

DFC Fact sheet

If you drive a car which is provided by your employer, and that car is available to use outside of work for personal use, you are liable to pay company car tax. This is part of the Benefit-in-Kind (BIK) tax which has been undergoing changes over several years. The latest changes took effect from 6th April 2018. Read on for more information

What are the changes?

As of April 2018, company car tax rates will be primarily based around CO2 emissions. This is in an effort to improve the air quality within the UK by reducing overall emissions, and encouraging drivers and companies alike to choose cars which emit lower levels of CO2.

Additional factors influencing the amount of tax owed for the year include the value of the vehicle and your personal tax rate.

In an effort to further discourage 'dirty cars' the scale charges have again been amended.

What are the tax rates for CO2 emissions?

The company car tax bands for petrol & diesel in 2018/19 are displayed in the table below;

CO2 (g/km)	2018/19 BIK rate (%) - Petrol	2018/19 BIK rate (%) – Diesel
0-50	13	17
51-75	16	20
76-94	19	23
95-99	20	24
100-104	21	25
105-109	22	26
110-114	23	27
115-119	24	28
120-124	25	29
125-129	26	30
130-134	27	31
135-139	28	32
140-144	29	33
145-149	30	34
150-154	31	35
155-159	32	36
160-164	33	37
165-169	34	38
170-174	35	39
175-179	36	40

How is this calculated?

Company car tax is calculated by multiplying the vehicles P11D value, (the list price of the car plus any additional options), by the tax rate which is dependent on the CO2 emissions. This then produces the benefit in kind amount, which is then multiplied by your personal tax rate, to come up with the amount of payable company car tax. This would then be collected through PAYE.

For example; £20,000 x 16% = £3,200 (BIK amount) x 20% = £640 per year

Is there anything else I should know?

In addition to these changes, a 1% surcharge increase has been applied to the BIK tax of diesel models, increasing from 3% to 4%. The surcharge applies to all diesel vehicles which can't meet the RDE2 "real world" driving section of the new WLTP efficiency standards. This test was developed due to previous discrepancies between emissions of cars when driven on real roads in comparison to those recorded by an official test by the manufacturers. No diesel models have yet passed the RDE2 test however, the procedure is currently under a final review.

"Don't be too worried about diesel because when you take all factors into account; emissions, your tax implications, what it will cost in terms of fuel (diesel still has a far better fuel consumption than petrol) in most cases diesel is the way forward."